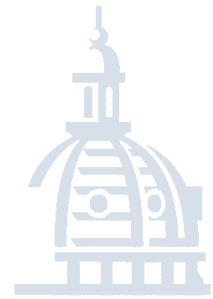


Fiscal Note

Fiscal Services Division



H-8116 to HF 2421 – Prevailing Wage (LSB1573HV.1)
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Fiscal Note Version – New

Description

House amendment **H-8116**, if adopted, would make the following changes to **HF 2421**.

- Requires all contractors and subcontractors to use an electronic verification (e-verify) approved by the U.S. Department of Homeland Security to verify the work authorization status of newly hired employees, pursuant to the federal Immigration Reform and Control Act of 1986.
- Requires a public body issuing a contract for a public improvement to award the contract only if all contractors and subcontractors agree to use the federal e-verify program to insure the employment eligibility of all workers that will perform work on the public improvement.
- Requires all contractors and subcontractors to submit certified payroll records and one-time verification records from the e-verify program to the public body.
- Adds a violation for failing to require a minimum ten-hour construction safety program approved by the U.S. Occupational Safety and Health Administration.
- Requires the Labor Commissioner to utilize the federal Davis-Bacon Act wage rates and fringe benefit rates until the first annual establishment of prevailing wages. Also requires the adoption of rules to implement this section to be effective on July 1, 2011.
- Changes the effective date of the Bill to July 1, 2011, except for the provision requiring adoption of rules to require the temporary wage rate determinations set under the federal Davis-Bacon Act.
- Specifies that the requirement for utilizing the prevailing wage rates determined by the Division of Labor becomes applicable January 2, 2012.

Assumptions

- The use of Davis-Bacon wage and benefit rates until the first prevailing wage rates can be determined would eliminate FY 2011 costs for the Department of Workforce Development as the only work to be completed by them is to establish a link to the Davis-Bacon wage rates on the Division of Labor webpage.
- The hiring of a field auditor would be delayed 6 months during FY 2012, resulting in a decrease in wage costs of \$31,500.
- The Board of Regents estimates a need for \$315,000 and 3.0 FTE positions (one at each University) for FY 2011 and \$313,000 in FY 2012 to administer the provisions of this Bill. Of that amount the State General Fund share would vary by University from 40.8% at the University of Iowa to 53.8% at the University of Northern Iowa. At 45.0% the cost to the State General Fund would be \$142,000 in FY2011 and \$141,000 in FY 2012 with most of the remaining costs paid for with tuition funds.
- The Bill delays the effective date for the requirements related to the Department of Workforce Development (IWD). There would be a reduced first years costs of \$31,500 due to a delay of six months in the hiring of a field auditor. The IWD estimates no cost for FY 2011 and a need for 3.5 FTE positions to administer the requirements of the prevailing

wage law beginning in FY 2012. The IWD estimates cost to the General Fund of \$435,000 in FY 2012.

Fiscal Impact

If [H-8116](#) is adopted, the cost of House File 2421 to the State General Fund is estimated at \$142,000 for the Board of Regents in FY 2011 and \$577,000 for FY 2012 to fund costs estimated by the IWD and the Board of Regents. Other potential costs, revenues, and savings are possible, but cannot be estimated.

Source

Department of Workforce Development

February 25, 2010

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
